

### **DETAILED ACTION**

1. This communication is in response to Applicant's Argument/Remarks filed on November 25, 2007.

#### ***Status of Claims***

2. Claims 1-11 are pending. Claims 1 and 8 have been amended. Claims 1-11 have been examined.

#### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

5. Claims 1-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wohlstadter, Pub. No. 2002/0198833 (hereinafter Wohlstadter), in view of Chaganti, Pub. No. 20050080705 (hereinafter Chaganti) and Sugahara, Pat. No. 7,310,616 (hereinafter Sugahara).

As to claim 1, Wohlstadter discloses the following elements:

- A method for managing the assets of holders of rights in a property (e.g. securities; Abstract and ¶¶ 0041 and 0044), comprising the steps of:
- acquiring shares of ownership in a property (e.g. an intermediary that will perform the function of an exchange; ¶¶ 0008-0012),
- wherein each of the shares constitutes a set of rights (e.g. ownership rights such as full or partial; ¶¶ 0044 and 0095),
- wherein an individual one of the rights in the set of rights is a different kind of right from another one of the rights in the set of rights, there being at least two different kinds of rights in the set of rights, said individual right comprising at least one of an equity right, a non-equity right, a right to receive a dividend or portion of the dividend, a right to receive an interest payment or portion thereof, a right to receive rent, a right to real property, a right to a warrant, a right to a stock split, a right to conversion between classes of securities, a residual right, a voting right, a right to receive capital appreciation (e.g. partial ownership rights in a security can be interpreted as an equity right and the voting right interpreted as a non-equity right; ¶¶ 0041, 0044 and 0095),
- dividing the set of rights into portions, each of the portions having at least one of the rights (e.g. partial ownership rights in a security and the voting right; ¶¶ 0041, 0044 and 0095),

- wherein a kind of right that is present in a first of the portions is absent in a second of the portions e.g. partial ownership rights in a security and the voting right; ¶¶ 0041, 0044 and 0095); and
- establishing a market in the portions, wherein in said market, there is a selling of the portions to investors (¶¶ 0008-0012).

However, Wohlstadter fails to disclose the following element:

- wherein one or more of said rights may have a time limitation;

Chaganti teaches a method and system for selling shares in tangible and intangible property over the internet. Chaganti also teaches that the system could also sell, for example, the rights to the future earning of an intangible (e.g. right to collect for patent infringement). Chaganti further teaches that there could be a temporal aspect to most of the rights (i.e. some rights can be sold with a time limitation on them; Abstract and ¶¶ 0003, 0006 and 0025-0026). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the temporal aspect on rights as taught in the trading property system of Chaganti since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

Wohlstadter also fails to disclose the following element:

- a repurchasing of the portions from the investors, said repurchasing enabling a holder of one of said portions to regain a divided-out right from one of said investors.

However, Sugahara teaches a method for structuring the trading of securities where buyers may have a desire to acquire short exposure to the securities. Sugahara teaches that the method could include obligating the first party and the second party to unwind the sale of the security by obligating the first party to repurchase the security from the second party (Abstract and col. 4, lines 13-16). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the repurchasing feature as taught in the securities trading method of Sugahara since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claim 2, Wohlstadter discloses the following element:

- one of the portions is an equity portion with an equity right and at least another one of the portions is a non-equity portion with a non-equity right that is stripped off from an equity portion (e.g. partial ownership rights in a security can be interpreted as an equity right and the voting right interpreted as a non-equity right; ¶¶ 0041, 0044 and 0095).

However, Wohlstadter fails to disclose the following element:

- wherein said repurchasing enables a holder of an equity portion to regain a non-equity right from one of said investors.

Sugahara teaches a method for structuring the trading of securities where buyers may have a desire to acquire short exposure to the securities. Sugahara teaches that the method could include obligating the first party and the second party to unwind the sale of the security by obligating the first party to repurchase the security from the second party (Abstract and col. 4, lines 13-16). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the repurchasing feature as taught in the securities trading method of Sugahara since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claims 3 and 4, Wohlstadter discloses a voting right (i.e. non-equity right; ¶¶ 0041, 0044 and 0095), however Wohlstadter fails to disclose the following elements:

- designating a limited duration of time of a fractional right in one of said portions; and
- said limited duration of time of a fractional right is in a non-equity portion

However, Chaganti teaches a method and system where rights can be sold that have a temporal aspect to them (i.e. some rights can be sold with a time limitation on them; Abstract and ¶¶ 0003, 0006 and 0025-0026). It would have been obvious to one of

ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the temporal aspect on rights as taught in the trading property system of Chaganti since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claim 5-7, Wohlstadter discloses that an issuing entity (e.g. holder of equity portion) can sell partial ownership rights in a security and/or sell voting rights (e.g. divided-out right) associated with the security. However, Wohlstadter fails to disclose the following:

- the holder of the equity portion regains the non-equity right after expiry of said limited duration of time;
- designating a limited duration of time (e.g. expiration date and/or time) of a fractional right (i.e. non-equity right) in one of said portions; and
- the holder of said one portion (i.e. equity portion) regains the divided-out right (i.e. non-equity right) after expiry of said limited duration of time.

However, Sugahara teaches a method for structuring the trading of securities where buyers may have a desire to acquire short exposure to the securities. Sugahara teaches that an agent and lender may agree that lender sell (and then repurchase therefrom) a desired number of shares of stock (i.e. securities) to an interested borrower on terms satisfactory to the parties (col. 12, lines 53-64). It would have been obvious to

Art Unit: 3691

one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the repurchasing feature as taught in the securities trading method of Sugahara since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claim 8, Wohlstadter discloses the following element:

- acquiring share, dividing a set of rights, and establishing a market are accomplished by an administrator (e.g. an intermediary that will perform the function of an exchange; ¶ 0008-0012).

6. Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over the prior art as applied to claims 1 and 8 above, and further in view of Earle, Pat. No. 5,262,942 (hereinafter Earle).

As to claim 9, Wohlstadter fails to explicitly disclose the following element:

- the administrator accomplishes a further step of disbursing dividends from the property to such ones of the investors who have rights to receive a dividend.

However, Earle teaches that in a financial transaction network a transfer agent system executes all transactions and acts within the financial network for purposes of updating shareholder records and applying dividends to fund shares (Abstract; col. 6,

line 66 thru col. 7, line 5). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the dividends distribution system as taught by Earle since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

7. Claims 10 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over the prior art as applied to claims 1 and 8 above, and further in view of Wallman, Pat. No. 6,601,044 (hereinafter Wallman).

As to claim 10, Wohlstadter fails to explicitly disclose the following element:

- the administrator accomplishes a further step of transmitting votes to a management of the property from such ones of the investors who have rights to vote on matters relating to management of the property.

However, Wallman teaches a computer-based system for creating a portfolio of assets and executing trades in the assets to modify the portfolio. Wallman teaches that the computer-based system is provides the ability to make adjustments to a portfolio of securities by selling or purchasing securities to modify the portfolio, for monitoring tax effects, for passing through voting rights of the securities and for delegating such rights to third parties at the discretion of the investor, for limiting parameters of portfolios if



desired by the investor or another with authority over the account, and for analyzing investments held by the investor on an integrated, portfolio basis (col. 19 lines 41-61).

It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the management of voting rights as taught by Wallman since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claim 11, Wohlstadter discloses the following element:

- wherein each of said portions constitutes a fractional right of the set of rights in a share of ownership in the property (§ 0044 and 0095).

However, Wohlstadter fails to disclose the following elements:

- said dividing step includes a step of designating a limited duration of time of the fractional rights in said portions sold to investors by the administrator, and
- said repurchasing step enables one of said investors, who is a holder of said one portion, to regain fractional rights from a plurality of said portions sold to other ones of said investors, thereby to obtain complete rights to the share of ownership of said holder.

In regards to these two elements, Applicant should refer to the above examination of claim 3 and then claims 1, 2 and 5 (respectively), where the elements have already been addressed.

***Response to Arguments***

8. Applicant's arguments with respect to claims 1-11 have been considered but are moot in view of the new ground(s) of rejection.

***Conclusion***

9. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to GREGORY JOHNSON whose telephone number is (571)272-2025. The examiner can normally be reached on Monday - Friday, 8:30AM - 5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, ALEXANDER KALINOWSKI can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Lalita M Hamilton/  
Primary Examiner, Art Unit 3691

GREGORY JOHNSON  
Examiner  
Art Unit 3691